

OPEN MEETING ITEM

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**COMMISSIONERS**  
JEFF HATCH-MILLER - Chairman  
WILLIAM A. MUNDELL  
MIKE GLEASON  
KRISTIN K. MAYES  
GARY PIERCE

BRIAN C. McNEIL  
EXECUTIVE DIRECTOR

ORIGINAL



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ARIZONA CORPORATION COMMISSION

MEMORANDUM

**TO:** Jeff Hatch-Miller, Chairman  
William A. Mundell  
Mike Gleason  
Kristin K. Mayes  
Gary Pierce

**FROM:** Matthew J. Neubert *mjn*  
Director of Securities

**DATE:** January 18, 2007

**RE:** Proposed Order to Cease and Desist, Order of Restitution, Order of Revocation,  
Order for Administrative Penalties and Consent to Same: William Melvin  
Hawkins, META Funding, LLC  
Docket No. S-20470A-06-0531

**CC:** Brian C. McNeil, Executive Director

AZ CORP COMMISSION  
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Attached is a proposed Order to Cease and Desist, Order of Restitution, Order of Revocation, Order for Administrative Penalties and Consent to Same ("Order"), fully executed by Respondent William Melvin Hawkins, on behalf of himself and his business entity, Meta Funding, L.L.C. ("META"). The proposed Order requires Respondents to cease and desist from violations of the Arizona Securities Act, to pay full restitution to META investors and administrative penalties for the sale of unregistered and non-exempt securities in the form of investment contracts.

Respondents solicited investments in a pooling of funds by META to invest in another fund operated by Mathon Management Company, L.L.C. ("Mathon"), which purportedly made bridge loans to small and medium-sized companies at high rates of interest. The Commission brought an action against Mathon and its principals in Maricopa County Superior Court in 2005. In June 2006, the Commission approved a settlement of the Mathon case, which involved a plan of distribution to the Mathon investors by a Conservator appointed by the Superior Court (the "Mathon Conservator"). META was one of the Mathon investors. In connection with this proposed Order, Respondents have deferred all rights to receive distributions from the Mathon Conservator until all of the META investors have received a full return of their principal

investments in META. The Mathon Conservator has already made an initial distribution to the META investors.

Mr. Hawkins has already made restitution to several META investors. Pursuant to the proposed Order, Respondents have agreed to pay additional restitution in the amount of \$1,284,900.00 to the remaining META investors, which amount will fully reimburse all META investors the principal they invested in META. The restitution obligation will be reduced by any amounts distributed to the META investors by the Mathon Conservator from other sources. Under the proposed Order, Respondents are obligated to pay \$25,000.00 of the restitution amount at the time of entry of the proposed Order. The Order also provides that Respondents are obligated to pay \$25,000.00 in administrative penalties, to be reduced to \$15,000.00 if all restitution payments are timely made pursuant to this Order.

In addition, Mr. Hawkins' securities salesman registration will be revoked, and Mr. Hawkins has agreed not to reapply for registration as a securities salesman or dealer or licensing as an investment advisor or investment advisor representative in Arizona until all payment obligations are made pursuant to this Order.

Respondents have cooperated in this investigation, and the Division supports this proposed Order as serving the public interest.

Originator: Pam Johnson

MN/ptj

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

JEFF HATCH-MILLER, Chairman  
WILLIAM A. MUNDELL  
MIKE GLEASON  
KRISTIN K. MAYES  
GARY PIERCE

In the matter of

WILLIAM MELVIN HAWKINS  
CRD#831356

META FUNDING, LLC, an Arizona  
limited liability company

Respondents.

DOCKET NO. S-20470A-06-0531

DECISION NO. \_\_\_\_\_

**ORDER TO CEASE AND DESIST, ORDER  
OF RESTITUTION, ORDER OF  
REVOCATION, ORDER FOR  
ADMINISTRATIVE PENALTIES AND  
CONSENT TO SAME**

Respondents William Melvin Hawkins ("HAWKINS") and META Funding, LLC ("META") (collectively "Respondents") elect to permanently waive any right to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act") with respect to this Order to Cease and Desist, Order of Restitution, Order of Revocation, Order for Administrative Penalties and Consent to Same ("Order"). Respondents admit the jurisdiction of the Arizona Corporation Commission ("Commission"); neither admit nor deny the Findings of Fact and Conclusions of Law contained in this Order; and consent to the entry of this Order by the Commission.

This consent has been entered into by Respondents for the sole purpose of settling violations addressed by the Order. Respondents consent to entry of the Order without admitting or denying any of the Findings of Fact and Conclusions of Law contained in the Order, without trial or final adjudication of any issue of fact or law pertaining to this Order and provided that no Findings of Fact or Conclusions of Law contained in the Order shall be attributed to, effective against or binding upon Respondents for any purpose other than in this case.

## I.

## FINDINGS OF FACT

1. HAWKINS, CRD#831356, who resides in Scottsdale, Arizona, was at all pertinent times a registered securities salesman in Arizona, from May 28, 2003 to August 31, 2005.

2. META is and was at all pertinent times an Arizona limited liability company, located in Phoenix, Arizona, since August 22, 2003, owned and operated by HAWKINS.

3. On or about August 22, 2003, HAWKINS filed Articles of Organization with the Commission to form META as a limited liability company.

4. In or around September 2003, META entered into an agreement with Mathon Management Company, L.L.C. ("Mathon") to be a lender and for Mathon to act as META's agent for the purpose of investing funds in bridge loans to small and medium-sized companies.

5. From in or around September 2003 through June 2004, Respondents offered and sold investment agreements to approximately 22 investors, within and from Arizona ("META investment agreements"). The META investment agreements provided that META would pool the investors' money to invest in a fund of bridge loans, and META would share the profits from those investments with the investors ("META investors").

6. META's investments agreements were securities in the form of investment contracts ("META investment contracts"). META investors from various states invested approximately \$1,825,759.00 in META, in addition to approximately \$370,000.00 invested by HAWKINS.

7. Respondents informed the META investors that the lending process was managed by another company, but that the identity of the other company would not be disclosed to them. HAWKINS had complete discretion over the investment of the META investors' funds.

8. HAWKINS provided instructions for META investors to wire their funds to META's bank account.

9. META investors, including HAWKINS, have to date failed to receive annualized returns from their investments.

10. Respondents have reimbursed approximately \$466,000.00 of principal and interest to fourteen META investors.

11. The balance of invested principal currently owed to eleven META investors, excluding HAWKINS, is approximately \$1,284,900.00.

12. In 2005, the Arizona Corporation Commission filed an action against Mathon in Maricopa County Superior Court, *Arizona Corporation Commission v. Mathon Management Company, L.L.C.* No. CV2005-005484, in which a Conservator was appointed (“Mathon Conservator”).

13. HAWKINS has agreed to defer the receipt of any portion of his invested principal from the Mathon Conservator until all of the remaining eleven META investors have received their invested principal.

## II.

## CONCLUSIONS OF LAW

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.

2. Respondents offered or sold securities within or from Arizona, within the meaning of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

3. Respondents violated A.R.S. § 44-1841 by offering or selling securities that were neither registered nor exempt from registration.

4. HAWKINS is subject to an order of revocation of his securities salesman registration pursuant to A.R.S. § 44-1962(A)(2) by offering and selling unregistered securities, in violation of A.R.S. § 44-1841.

5. Respondents' conduct is grounds for a cease and desist order pursuant to A.R.S. §§ 44-2032 and 44-1962.

6. Respondents' conduct is grounds for an order of restitution pursuant to A.R.S. § 44-2032.

7. Respondents' conduct is grounds for administrative penalties under A.R.S. § 44-2036.

### III.

## ORDER

THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and Respondents' consent to the entry of this Order, attached and incorporated by reference, the Commission finds that the following relief is appropriate, in the public interest, and necessary for the protection of investors:

IT IS ORDERED, pursuant to A.R.S. § 44-2032, that Respondents, and any of Respondents' agents, employees, successors and assigns, permanently cease and desist from violating the Securities Act. Respondents shall not sell any securities in or from Arizona without being registered in Arizona as dealers or salesmen, or exempt from such registration. Respondents shall not sell securities in or from Arizona unless the securities are registered in Arizona or exempt from registration.

IT IS FURTHER ORDERED that Respondents comply with the attached Consent to Entry of Order.

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that Respondents shall, jointly and severally, pay restitution to the Commission in the amount of \$1,284,900.00, of which \$25,000.00 is due and payable upon entry of this Order. The restitution amount called for under this Order shall be reduced by any amount returned to investors by the Conservator appointed in the action styled *Arizona Corporation Commission v. Mathon Management Company, L.L.C.* No. CV2005-005484 (“ACC Mathon Civil Case”), or by any other parties in any actions involving the substance of this matter, including the jointly administered bankruptcy proceedings involving Mathon Fund L.L.C. 05-27993-PHX-GBN; Mathon Fund I L.L.C. 05-27994-PHX-GBN; W.S.F. – World Sports Fan L.L.C. 05-27995-PHX-GBN (collectively “the Mathon Bankruptcy”). Payment of the remaining amounts due under this Order shall be made in installments as follows: A second

1 installment payment in the amount of \$100,000.00 shall be due upon the occurrence of any of the  
2 following dates or events, whichever occurs first: (A) within 10 days of the close of escrow  
3 related to the house located at 5665 E. Cheney Dr., Paradise Valley, Arizona, titled in the name of  
4 Eagle Nest Investments, L.L.C. (the "Eagle Nest Property"); or (B) 75% of whatever amount  
5 HAWKINS receives up to \$100,000.00 within 10 days of HAWKINS' receipt of any funds from a  
6 trade involving the Eagle Nest Property, and the balance totaling \$100,000.00 on or before January  
7 15, 2008; or (C) \$100,000.00 on or before January 15, 2008. If a balance remains, Respondents  
8 will pay twenty percent (20%) of the outstanding principal balance each quarter, beginning  
9 January 15, 2009, until the META investors have received one hundred percent (100%) of their  
10 invested principal. Any amount in default after each payment is due under this Order shall accrue  
11 interest at the rate of 10% per annum from the date such payment is due until paid in full.  
12 Payments shall be made to the Mathon Conservator.

13 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that Respondents, jointly and  
14 severally, shall pay administrative penalties in the amount of \$25,000.00, to be reduced to  
15 \$15,000.00 if all restitution payments are timely made pursuant to this Order. The administrative  
16 penalties are subordinate to any restitution obligations ordered herein and shall become  
17 immediately due and payable within 30 days after the final restitution payment under this Order or  
18 upon Respondents' default with respect of Respondents' restitution obligations. Any amount  
19 outstanding shall accrue interest at the rate of 10% per annum from the date of this Order until paid  
20 in full.

21 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-1962, that HAWKINS' securities  
22 salesman registration is revoked.

23 For the purposes of this Order, a bankruptcy filing by Respondents shall be an act of  
24 default. If Respondents do not comply with this Order, any outstanding balance may be deemed in  
25 default and shall be immediately due and payable.

26 IT IS FURTHER ORDERED, that if either Respondent fails to comply with this Order, the

Commission may bring further legal proceedings against that Respondent, including application to the superior court for an order of contempt.

IT IS FURTHER ORDERED that this Order shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2007.

BRIAN C. McNEIL  
Executive Director

DISSENT

DISSENT

This document is available in alternative formats by contacting Linda Hogan, Executive Assistant to the Executive Director, voice phone number 602-542-3931, E-mail [lhogan@azcc.gov](mailto:lhogan@azcc.gov).

(ptj)



**CONSENT TO ENTRY OF ORDER**

1  
2           1.       Respondents META Funding, LLC ("META") and William Melvin Hawkins  
3 ("HAWKINS") (collectively "Respondents") admit the jurisdiction of the Commission over the  
4 subject matter of this proceeding. Respondents acknowledge that they have been fully advised of  
5 their right to a hearing to present evidence and call witnesses and Respondents knowingly and  
6 voluntarily waive any and all rights to a hearing before the Commission and all other rights  
7 otherwise available under Article 11 of the Securities Act and Title 14 of the Arizona  
8 Administrative Code. Respondents acknowledge that this Order to Cease and Desist, Order of  
9 Restitution, Order of Revocation, Order for Administrative Penalties and Consent to Same  
10 ("Order") constitutes a valid final order of the Commission.

11           2.       Respondents knowingly and voluntarily waive any right under Article 12 of the  
12 Securities Act to judicial review by any court by way of suit, appeal, or extraordinary relief  
13 resulting from the entry of this Order.

14           3.       Respondents acknowledge and agree that this Order is entered into freely and  
15 voluntarily and that no promise was made or coercion used to induce such entry.

16           4.       Respondents acknowledge that they have been represented by attorney Paul J.  
17 Roshka in this matter, they have reviewed this Order with their attorney and understand all terms it  
18 contains.

19           5.       Respondents neither admit nor deny the Findings of Fact and Conclusions of Law  
20 contained in this Order. This consent has been entered into by Respondents for the sole purpose of  
21 settling violations addressed by the Order. Respondents consent to entry of the Order without  
22 admitting or denying any of the Findings of Fact and Conclusions of Law contained in the Order,  
23 without trial or final adjudication of any issue of fact or law pertaining to this Order and provided  
24 that no Findings of Fact or Conclusions of Law contained in the Order shall be attributed to,  
25 effective against or binding upon Respondents for any purpose other than in this case.

26

1           6.       By consenting to the entry of this Order, Respondents agree not to take any action  
2 or to make, or permit to be made, any public statement denying, directly or indirectly, any Finding  
3 of Fact or Conclusion of Law in this Order or creating the impression that this Order is without  
4 factual basis. Respondents will undertake steps necessary to assure that all of their agents and  
5 employees understand and comply with this agreement.

6           7.       While this Order settles this administrative matter between Respondents and the  
7 Commission, Respondents understand that this Order does not preclude the Commission from  
8 instituting other administrative proceedings based on violations that are not addressed by this  
9 Order.

10          8.       Respondents understand that this Order does not preclude any other agency or  
11 officer of the state of Arizona or its subdivisions from instituting administrative, civil or criminal  
12 proceedings that may be related to matters addressed by this Order.

13          9.       Respondents agree that they will not apply to the state of Arizona for registration as  
14 a securities dealer or salesman or for licensure as an investment adviser or investment adviser  
15 representative until full restitution and administrative penalties obligations are paid pursuant to this  
16 Order.

17          10.      Respondents agree that they will not exercise any control over any entity that offers  
18 or sells securities or provides investment advisory services within or from Arizona until full  
19 restitution and administrative penalties obligations are paid pursuant to this Order.

20          11.      Respondents agree that they will not sell any securities in or from Arizona without  
21 being properly registered in Arizona as a dealer or salesman, or exempt from such registration;  
22 they will not sell any securities in or from Arizona unless the securities are registered in Arizona or  
23 exempt from registration; and they will not transact business in Arizona as an investment adviser  
24 or an investment adviser representative unless properly licensed in Arizona or exempt from  
25 licensure.  
26

1           12.     HAWKINS agrees to defer the receipt of any portion of his invested principal from  
2 the Mathon Conservator until the remaining META investors have received their invested  
3 principal.

4           13.     Respondents agree that they will continue to cooperate with the Securities Division  
5 and the Conservator appointed by the Court in *Arizona Corporation Commission v. Mathon*  
6 *Management Company, L.L.C.* No. CV2005-005484, including, but not limited to, providing  
7 complete and accurate testimony at any hearing in this matter and cooperating with the state of  
8 Arizona in any related investigation or any other matters arising from the activities described in  
9 this Order.

10          14.     Respondents consent to the entry of this Order and agree to be fully bound by its  
11 terms and conditions.

12          15.     Respondents acknowledge and understand that if they fail to comply with the  
13 provisions of the order and this consent, the Commission may bring further legal proceedings  
14 against them, including application to the superior court for an order of contempt.

15          16.     Respondents understand that default shall render them liable to the Commission for  
16 its costs of collection and interest at the maximum legal rate.

17          17.     Respondents agree and understand that if they fail to make any payment as required  
18 in the Order, any outstanding balance shall be in default and shall be immediately due and payable  
19 without notice or demand. Respondents agree and understand that acceptance of any partial or late  
20 payment by the Commission is not a waiver of default by the Commission.

21 ...

22 ...

23 ...

24 ...

25 ...

26 ...

18. Respondent HAWKINS represents that he is Managing Member of Respondent META and has been authorized by META to enter into this Order for and on behalf of it.

  
WILLIAM MELVIN HAWKINS

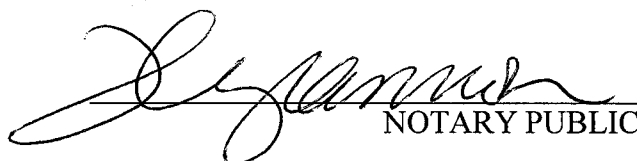
META FUNDING, LLC

By   
WILLIAM MELVIN HAWKINS

Its Managing Member

State of Arizona )  
County of Maricopa

SUBSCRIBED AND SWORN TO BEFORE me this 12 day of JAN., 2008

  
NOTARY PUBLIC

My Commission Expires:

10-21-09

